

## MUTUAL CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

SCC Communications Corp. agrees with Southwestern Bell Telephone Company and/or Pacific Bell Telephone Company as follows:

WHEREAS, the Parties are or will be engaged in negotiations pursuant to Sections 251 and 252 of the Telecommunications Act of 1996; and

WHEREAS, the Parties' negotiations will necessarily include the disclosure of trade secrets and other highly confidential and/or proprietary information and data by the Parties;

NOW, THEREFORE, in consideration of mutual promises exchanged and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree to the following terms governing the confidentiality of certain information one party ("Owner") may disclose to the other party ("Recipient"). As used in this Agreement, the term "Recipient" includes any of the Recipient's employees or agents.

1. The terms "Owner" and "Recipient" include each party's corporate affiliates that disclose or receive Confidential Information pursuant to the terms and conditions of this Agreement. The rights and obligations of the parties hereto shall therefore also inure to any such affiliates and may be directly enforced by or against such affiliates.

2. **DEFINITIONS.** For purposes of this Confidentiality and Nondisclosure Agreement ("Agreement"), "Confidential Information" means all information of Owner or another party whose information Owner has in its possession under obligations of confidentiality, in whatever form transmitted which is disclosed by Owner or its affiliates to Recipient or its affiliates and is identified or marked as confidential or proprietary, as specified below. The information, if in tangible form, shall be marked prominently with a legend identifying it as confidential. If the information is oral, it shall be identified as confidential upon disclosure and shall be summarized in a writing so marked and delivered within ten (10) days following such disclosure. The term "affiliate" shall mean any person or entity controlling, controlled by or under common control with a party.

Notwithstanding the foregoing, Confidential Information shall not include any information of Owner that (a) was in the public domain at the time of the Owner's communications thereof to the Recipient; (b) entered the public domain through no fault of the Recipient subsequent to the time of Owner's communication thereof to Recipient; (c) was in Recipient's possession free of any obligation of confidence at the time of disclosure by Owner; or (d) was disclosed to Recipient by a nonparty source, free of any obligation of confidence, after disclosure by Owner; or (e) was developed by employees or agents of Recipient independently and without reference to any of the Confidential Information that Owner has provided to Recipient.

Each Party has the right to refuse to accept any Confidential Information under this Agreement, and nothing herein shall obligate either Party to disclose to the other Party any particular information.

2. **OWNERSHIP.** All Confidential Information in whatever form (including, without limitation, information in computer software or held in electronic storage media) shall be and remain property of Owner. All such Confidential Information shall be returned to Owner within twenty (20) days of a written request or, if so directed by Owner, Recipient shall destroy such Confidential Information, and shall not retain the Confidential Information in any form. The Recipient shall also, within ten (10) days of a written request by Owner, certify in writing that it has satisfied its obligations under this paragraph.

3. **NONDISCLOSURE.** Recipient shall use the Confidential Information only for the purpose of discussions related to interconnection pursuant to Sections 251 and 252 of the Telecommunications Act of 1996. Recipient shall not disclose any Confidential Information to any person or entity except employees, consultants, agents, attorneys, representatives or affiliates of Recipient who have a need to know (collectively "Representatives") and who have been informed of and agree to abide by Recipient's obligations under this Agreement. Each such Representative shall also be informed that by accepting such access, he/she agrees to be bound by the provisions of this Agreement. Furthermore, by allowing any such access, the Recipient agrees to be and remain jointly and severally liable for any disclosure by any such Representative which is not in accordance with this Agreement. Recipient shall use not less than the same degree of care to avoid disclosure of Confidential Information as Recipient uses for its own confidential information of like importance and, at a minimum shall exercise reasonable care.

The Parties agree that this Agreement does not prohibit the disclosure of Confidential Information which is: (1) approved for release by written authorization of Owner, but only to the extent of such authorization; (2) required by law or regulation to be disclosed, but only to the extent and for the purposes of such required disclosure; (3) disclosed in response to a valid order or subpoena of a court or other governmental body of the United States or any political subdivision thereof, but only to the extent of and for the purposes of such order, and only if Recipient first notifies Owner of the order and permits Owner to seek an appropriate Protective Order; or (4) disclosed by Recipient in connection with any regulatory, judicial or other legal proceeding involving either Party hereto, but only if Recipient first notifies Owner of the intended disclosure and permits Owner to seek an appropriate Protective Order. In the event the Recipient receives an agency or court subpoena or order requiring such disclosure of Confidential Information or is otherwise required by law or regulation to disclose Confidential Information, Recipient shall immediately, and in no event later than five (5) days after receipt, notify Owner in writing.

4. **SURVIVAL.** All rights and obligations under this Agreement shall survive the expiration or termination of any contract or other agreement between Owner and Recipient.

The obligations of the Parties under this Agreement shall continue and survive the completion of the aforesaid negotiations. This provision shall remain binding even if the Parties abandon their efforts to undertake a possible business transaction together. Any disclosures of Confidential Information made by either Party following approval of an Interconnection Agreement(s) between the Parties for any state(s) which was the subject of these negotiations shall be governed by the Confidentiality terms set forth in such Agreement(s).

5. **REMEDIES.** The Parties agree that an impending or existing violation of any provision of this Agreement would cause Owner irreparable injury for which it would have no adequate remedy at law, and agree that Owner shall be entitled to obtain immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it in law or equity including but not limited to, monetary damages and specific performance. In the event of any breach of this Agreement for which legal or equitable relief is sought, all reasonable attorney's fees and other reasonable costs associated therewith shall be recoverable by the prevailing Party.

6. **DISCLAIMER.** This Agreement and the disclosure and receipt of Confidential Information do not create or imply (i) any agreement with respect to the sale, purchase, or pricing of any product or service; or (ii) any right conferred, by license or otherwise, in any Confidential Information or in any patent, trademark, service mark, copyright, or other intellectual property. In addition, neither this Agreement, nor any discussions hereunder shall (a) be deemed a commitment to any business relationship, contract, or future dealing with the other Party; or (b) prevent either Party from conducting similar discussions or performing similar work to that hereunder, so long as such discussions or work do not violate this Agreement.

Nothing in this Agreement shall prohibit either Party from publicly disclosing any information exchanged, disclosed, or discussed between the Parties which is not Confidential Information.

7. **INTELLECTUAL PROPERTY/ NO WARRANTY.** No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement or any disclosure hereunder, except for the right to use such information in accordance with this Agreement. No warranties of any kind are given with respect to the Confidential Information disclosed under this Agreement or any use thereof, except that the Owner warrants that it has the authority to make the disclosures contemplated hereunder.

8. **SEVERABILITY.** If any provision of this Agreement shall be held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and replaced by a valid and enforceable provision which so far as possible achieves the Parties' intent in agreeing to the original provision. The remaining provisions of this Agreement shall continue in full force and effect.

9. **GOVERNING LAW.** This Agreement is governed by the laws of the state of Texas.

10. **SUCCESSORS AND ASSIGNS.** This Agreement may not be assigned by either party without the prior written consent of the other; provided, however, each Party may assign this Agreement to a corporate Affiliate or an entity under its common control or an entity acquiring all or substantially all of its assets or equity by providing prompt written notice to the other Party of such assignment or transfer. No permitted assignment shall relieve Recipient of its obligations hereunder with respect to Confidential Information disclosed to it prior to the assignment. Any assignment in violation of this Paragraph shall be void. This Agreement shall benefit and be binding on the Parties below and their successors and assigns.

11. **COMPLETE AGREEMENT.** This Agreement (i) is the complete agreement of the Parties concerning this subject matter and supersedes any prior such agreements; (ii) may not be amended except in writing signed by the Parties; and (iii) is executed by authorized representatives of each party.

**SCC COMMUNICATIONS CORP.**

**PACIFIC BELL TELEPHONE  
COMPANY AND  
SOUTHWESTERN BELL TELEPHONE  
COMPANY**

By LP Jennings

Print Name LP Jennings

Address \_\_\_\_\_

Date 5-5-00

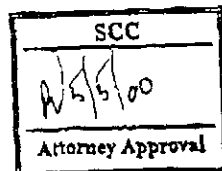
By Willena Slocum

Print Name: Willena Slocum

Four Bell Plaza, Room 720

Dallas, Texas 75202

Date: April 12, 2000



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